

# **Rhode Island Public Transit Authority**

## **Joint Pension Board**

### **Minutes of the March 19, 2012 Meeting**

**Joint Pension Board Members Present: Stephen Durkee, Acting Chair; Jerome Williams; Thomas Deller; Paul Harrington; and Kevin Millea.**

**Absent: Christine Johnston**

**Also Present: Charles Odingbe, Chief Executive Officer; Todd Gleason (Outside Counsel); Andrew Prescott (Outside Counsel); David Ward (Angell Pension); Maureen Ruzzano; and Ellen Mandly and other members of the RIPTA staff and the general public.**

### **Agenda Item 1: Approval of Minutes of February 20, 2012 Monthly Meeting**

**Acting Chair Stephen Durkee called the meeting to order at 1:00 pm and asked if the Joint Pension Board members had an opportunity to review the minutes of the February 20, 2012 meeting and the members indicated that they had.**

**A motion to approve the minutes of the meeting as presented was**

made by Mr. Williams and was seconded by Mr. Harrington. The minutes of the February 20, 2012 meeting were unanimously approved as presented.

## **Agenda Item 2: Convene as Pension Benefit Sub-Committee**

### **o Consideration of Benefits' Requests – Division 618**

#### **o JPB Action: Jose Martin – Active Employee – Age 61**

**Request for Disability Pension effective 2/1/12 - \$2,631.77**

Ms. Ruzzano discussed the details of the pension request by Mr. Martin saying he was employed with the Authority for a total of 37 years and 11 months and during his employment Mr. Martin was included in the hourly pension plan. She said that Mr. Martin has applied for disability benefits through the Social Security Administration and has been awarded such benefits. Based on his years of service and the fact that he has been awarded social security disability benefits, he is entitled to a disability pension. Following Ms. Ruzzano's remarks Mr. Millea moved that Mr. Martin's pension request be approved as presented. Mr. Harrington seconded the motion. The motion passed unanimously.

#### **o JPB Action: James Davis – Active Employee – Age 63**

**Request for Late Pension effective 3/1/2012 - \$935.70**

**Ms. Ruzzano discussed the details of the pension request by Mr. Davis saying he was employed with the Authority for a total of 11 years and 8 months and during his employment he was included in the hourly pension plan. Following Ms. Ruzzano's remarks Mr. Millea moved that Mr. Davis's pension request be approved as presented. Mr. Harrington seconded the motion. The motion passed unanimously.**

**o JPB Action: Gary C. Seaberg – Active Employee – Age 62  
Request for Late Pension effective 4/1/2012 - \$2,555.58**

**Ms. Ruzzano discussed the details of the pension request by Mr. Seaberg saying he was employed with the Authority for a total of 39 years and 8 months and during his employment Mr. Seaberg was included in the hourly pension plan. Following Ms. Ruzzano's remarks Mr. Millea moved that Mr. Seaberg's pension request be approved as presented. Mr. Williams seconded the motion. The motion passed unanimously.**

**Following the vote Messrs Williams and Harrington commented on Mr. Seaberg's impressive length of service to the Authority saying it is rare in this day and age. They thanked him for his service.**

**o JPB Action: Norman A. Manchester, Jr. – Active Employee – Age 64**

## **Request for Late Pension effective 4/1/2012 - \$1,250.66**

**Ms. Ruzzano discussed the details of the pension request by Mr. Manchester saying he was employed with the Authority for a total of 14 years and 11 months and during his employment he was included in the hourly pension plan. Following Ms. Ruzzano's remarks Mr. Harrington moved that Mr. Manchester's pension request be approved as presented. Mr. Williams seconded the motion. The motion passed unanimously.**

### **o JPB Action: Chris Delderfield – Active Employee – Age 62**

## **Request for Late Pension effective 5/1/2012 - \$931.37**

**Ms. Ruzzano discussed the details of the pension request by Mr. Delderfield saying he was employed with the Authority for a total of 15 years and 8 months and during his employment Mr. Delderfield was included in the hourly pension plan. Following Ms. Ruzzano's remarks Mr. Harrington moved that Mr. Delderfield's pension request be approved as presented. Mr. Williams seconded the motion. The motion passed unanimously.**

### **Agenda Item 3: David Ward – Angell Pension Group Presentation**

**David Ward from Angell Pension Group addressed the Joint Pension Board to discuss the Rhode Island Public Transit Authority Pension Plan Late Retirement Provisions. This presentation was prompted by**

questions raised by recent retiree William Inlow at the February Joint Pension Board meeting.

Mr. Ward distributed a memo to the members of the JPB and key staff dated March 15, 2012 and addressed to Maureen Ruzzano and he then read that memo and commented on its contents. That memo is attached hereto as Attachment A. Mr. Ward answered questions from the members and then Mr. Williams reminded those present that Mr. Inlow's pension had been approved in February with credit for 14 years and 10 months

of service. The CEO commented that RIPTA cannot act outside of our actuary's recommendation. After some further discussion the Joint Pension Board accepted Mr. Ward's explanation as valid.

#### **Agenda Item 4: Pension Plan Amendments**

Andrew Prescott addressed the members to discuss proposed changes to the pension plan saying his firm had done an analysis to determine whether the changes had affected any of the key, collectively bargained provisions (such as the multiplier or retirement age) and we determined that there were no such changes. He emphasized that we had not done an analysis of every change to ensure compliance with the various laws because these were essentially IRS form documents and they deemed that such a review

would not be necessary or worth the cost. Mr. Prescott explained that rather than amend the plan every time there is a change in the law, the plan is periodically reviewed and amended or restated to bring it into compliance.

Mr. Prescott said the Joint Pension Board is asked to recommend that the full Board consider and vote to approve the following:

That the Rhode Island Public Transit Authority Employee's Pension Plan, as restated, be adopted in the form presented at the meeting, effective January 1, 2012, subject to the approval of the Internal Revenue Service.

That the Joint Pension Board shall continue to serve as the Trustee of the Plan, and the Trust Agreement dated May 20, 2002 shall remain in force and effect.

That the Amendment to the Plan be adopted in the form presented at the meeting, effective as of the dates indicated therein.

That the appropriate officers of the Authority are hereby authorized and directed to execute the Plan, and Amendment, and to take any and all actions necessary or appropriate to effectuate the foregoing votes, including the making and execution of any subsequent changes or amendments to the Plan.

**There was discussion among the members and it was decided that they would feel more comfortable seeing the plan with the actual changes indicated and a summary of the changes. This will be the recommendation at the full Board meeting.**

**Agenda Item 5: Adjournment**

**Mr. Durkee asked if there was further business and hearing none asked for a motion. A motion to adjourn the meeting was made by Mr. Harrington. The motion was seconded by Mr. Deller and passed unanimously. The meeting was adjourned.**

**Respectfully submitted,**

**Ellen M. Mandly**

**Recording Secretary**

**ATTACHMENT A**

**Memo**

**To: Maureen Ruzzano, RIPTA**

**From: David Ward, The Angell Pension Group, Inc.**

**Cc: Jeffrey Liter and Peter Karlson, The Angell Pension Group, Inc.**

**Date: March 15, 2012**

**Re: Rhode Island Public Transit Authority Employees' Pension Plan –**

## **Late Retirement Provisions**

**This memo summarizes the late retirement provisions of the Rhode Island Public Transit Authority Employees' Pension Plan (the "Plan"). Late retirement occurs when a participant remains in the employ of the Employer after his Normal Retirement Date. Normal Retirement Date means the first day of the month coincident with or next following a Participant's attainment of Normal Retirement Age. Normal Retirement Age is a participant's 62nd birthday or, if later, the Participant's completion of five (5) Years of Service. Normal Retirement Age and Normal Retirement Date are defined in Sections 1.16 and 1.17 of the Plan document, respectively.**

**Section 4.2 of the Plan document provides that a participant who retires after his Normal Retirement Date is not eligible to receive his benefit until his actual retirement date. The benefit payable on a participant's late retirement date is the greater of (a) the monthly benefit determined under the plan formula in Section 4.1 based upon the participant's Average Compensation and Years of Service determined as of the late retirement date or (b) the monthly benefit which would have been payable under Section 4.1 had the participant retired at his Normal Retirement Date multiplied by the late retirement benefit factor set forth in Section 4.2 of the Plan document.**

**These "greater of" provisions apply from a participant's Normal Retirement Date until the April 1 following the calendar year in which the participant attains age 70½. The effect of these greater of**



provisions is to protect the value of the benefit earned at a participant's Normal Retirement Date in the event the participant's Average Compensation decreases during the time between the participant's Normal Retirement Date and his actual retirement date.

Section 4.2 of the Plan document also defines how a participant's benefit accrues after the April 1 following the calendar year in which the participant attains age 70½. Beginning on this date, the participant's accrued benefit is increased actuarially and the participant's benefit is increased by the actuarial equivalent of additional benefits accrued after this date. This is similar to earning both (a) and (b) above, although the actuarial increases follow the definition of Actuarial Equivalent specified in Section 1.2 of the Plan document rather than the late retirement benefit factors set forth in Section 4.2. These provisions apply after the April 1 following the calendar year in which the Participant attains age 70½.

## **Rhode Island Public Transit Authority Employees' Pension Plan Summary of Late Retirement Benefit Calculation for William R. Inlow**

**Date of Birth: 11/28/1943**

**Employment Date: 03/20/1997**

**Normal Retirement Date (NRD): 12/01/2005**

**Late Retirement Date (LRD): 02/01/2012**

**Age at LRD: 68 years 2 months**

**Accrued Benefit as of NRD**

**Years of Service: 8 years 8 months**

**Average Compensation: \$56,033.74 per year (see attached calculation)**

**Plan Formula Accrued Benefit: \$809.69 per month (see attached calculation)**

**Accrued Benefit as of LRD**

**Years of Service: 14 years 10 months**

**Average Compensation: \$67,280.12 per year (see attached calculation)**

**(a) Plan Formula Accrued Benefit: \$1,662.94 per month (see attached calculation)**

**Value of NRD Accrued Benefit as of LRD**

**NRD Accrued Benefit: \$809.69 per month**

**Years Late: 6 years 2 months**

**Late Retirement Benefit Factor: 185.6%**

**(b) LRD Benefit: \$1,502.78 per month**

**Because Mr. Inlow is retiring after his Normal Retirement Date but before age 70½, his benefit is the greater of (a) or (b), which is \$1,662.94 per month.**